



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

03 OCT 1997

REPLY TO
ATTENTION OF
SARD-PI

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Purchase Card Program - Split Purchases

During recent reviews, auditors found instances when cardholders "split" requirements in order to avoid forwarding a purchase request to the purchasing office. The purpose of this memorandum is to provide guidance to cardholders, approving officials, agency program coordinators and individuals performing oversight audits on what constitutes "split purchases." This information is to be provided to all cardholders, approving officials, agency program coordinators and individuals responsible for oversight of the purchase card program.

The Federal Acquisition Regulation at 13.602(c) states that requirements aggregating more than the micro-purchase threshold shall not be broken down into several purchases that are less than the threshold merely to permit purchase. The Army Supplement to the Federal Acquisition Regulation at 13.9003(a) states that purchases shall not be split in order to stay within the single purchase limit. Approving Officials now certify that purchases have not been split into smaller segments to stay under the micro purchase limit.

An improper "split" in the purchase card program generally involves the willful reduction of a requirement which could be purchased from the same merchant or vendor in an effort to keep the total price of the purchase at or below the cardholder's single purchase threshold. To determine if a requirement was split, one must determine what the "requirement" was at the time of the purchase. Typically, the known needs of an organization/activity by the cardholder at the time of the purchase constitutes the requirement. If a cardholder typically purchases items when [s]he becomes aware of a need, the requirement is considered that instant quantity (need). If, on the other hand, the cardholder typically waits to purchase, the requirement becomes the total needs received up to the point of ordering, regardless of what is being ordered and by whom. Splitting those needs (requirement) into individual



purchases is improper unless no one vendor has the capability to satisfy the full requirement. If the requirement exceeds the cardholder's single purchase limit, [s]he cannot buy the items with the card and must forward the requirement to a person with the authority to buy at that level.

Splitting and other cardholder abuses threaten to undermine the benefits the Army is obtaining with the use of the card. I expect each of you to assure proper implementation of the card program within your respective commands. Instances of cardholder abuse (to include splitting) should be met with clear and decisive actions (to include disciplinary actions by the approving official) against the cardholder. At a minimum, repetitive instances of splitting by a cardholder, or the failure of the approving official to take action, shall constitute justification for the local program coordinator to cancel the card. Inaction by approving officials shall constitute justification for cancellation of all cards under the approving official.



Kenneth J. Oscar
Acting Assistant Secretary of the Army
(Research, Development and Acquisition)

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